

Chairman Linda W. Cropp
at the request of the Mayor

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To authorize the construction of a new central library on the site of the Old Convention Center, to authorize lease of the real property known as 901 G Street, N.W. and an agreement with the lessee for a payment in lieu of taxes on the leased real property, to authorize the issuance of revenue bonds for the payment of costs of capital projects with respect to District libraries, and to delegate contracting authority under the Procurement Practices Act to D.C. Public Libraries.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this bill may be cited as the “Library Transformation Act of 2006”.

Sec. 2. Sense of the Council regarding construction of new central library.

It is the sense of Council that the Mayor be authorized to construct a new central library for the District of Columbia on a portion of the site of the Old Convention Center not exceeding 50,000 square feet in size. The Old Convention Center site is defined as the land bounded by 9th, H and 11th Streets and New York Avenue, N.W. (other than Reservation 174) and identified for tax purposes as Square 374, Lot 848.

Sec. 3. Authorization of lease.

(a) The Mayor is authorized to lease the real property known as 901 G Street, NW and designated as Square 375, Lot 825, in the manner and on the terms described in this

1 section. The lease will be offered for bid by a competitive Solicitation of Offers containing
2 the following requirements:

3 (1) the bidder must demonstrate that it has the financial capability of making
4 the lease payments in the manner and at the times described in the solicitation documents;

5 (2) the bidder must commit and demonstrate that it has the ability and
6 experience to develop the real property in a manner that preserves the historic character of
7 the building in accordance with all applicable historic preservation laws;

8 (3) the bidder must agree that local, small and disadvantaged business
9 enterprises will receive at least 35% of all contracts involved in the renovation,
10 reconstruction or other development of the building; and

11 (4) the bidder must commit to sign a First Source Hiring Agreement with the
12 District's Department of Employment Services.

13 The Mayor may include such additional conditions as he shall determine to be necessary or
14 appropriate.

15 (b) The lease shall be awarded to the bidder who satisfies all the bid conditions and
16 who makes the best financial offer. The lease shall be for a term of 99 years and shall be on
17 an "as is" basis, that is, without warranty of any kind by the District. The lease may contain
18 such other terms as the Mayor shall determine to be in the best interest of the District. All
19 lease payments shall be deposited into the Library Development Trust Fund.

20 Sec. 4. Authorization of PILOT agreement.

21 The Mayor is authorized to enter into a payment in lieu of taxes ("PILOT")
22 agreement with the lessee of 901 G Street, NW. The PILOT agreement shall have a term
23 of 30 years and shall provide for annual payments by the lessee in such amount as would

1 be paid in real property taxes under chapter 8 of title 47 of the District of Columbia
2 Official Code if the leased property were subject to real property tax under that chapter.
3 The annual payments under the PILOT agreement shall be deposited into the Library
4 Development Trust Fund.

5 Sec. 5. Definitions.

6 For the purpose of this act, the term:

7 (1) "Authorized Delegate" means the City Administrator, the Chief
8 Financial Officer, the Treasurer, or any officer or employee of the executive office of the
9 Mayor to whom the Mayor has delegated any of the Mayor's functions under this act
10 pursuant to section 422(6) of the Home Rule Act.

11 (2) "Available Real Property Tax Revenues" means the revenues
12 resulting from the imposition of the tax provided for in Chapter 8 of Title 47, including
13 penalty and interest charges, exclusive of the special tax provided for in § 1-204.81,
14 pledged to payment of general obligation indebtedness of the District.

15 (3) "Available Sales Tax Revenues" means the revenues resulting from
16 the imposition of the tax under Chapter 20 of Title 47, including penalty and interest
17 charges, exclusive of the portion thereof required to be deposited in the Washington
18 Convention Center Fund established pursuant to § 10-1202.08.

19 (4) "Available Tax Increment" means the sum of the Available Sales Tax
20 Revenues and Available Real Property Tax Revenues generated in the Old Convention
21 Center TIF Area in any fiscal year of the District minus the sum of Available Sales Tax
22 Revenues and Available Real Property Tax Revenues generated in the Old Convention
23 Center TIF Area in the base year.

1 (5) “Bond Counsel” means a firm or firms of attorneys designated as bond
2 counsel from time to time by the Mayor.

3 (6) “Bonds” means the District of Columbia revenue bonds, notes, or other
4 obligations (including refunding bonds, notes, and other obligations), in one or more series,
5 authorized to be issued pursuant to this act.

6 (7) “Chief Financial Officer” means the Chief Financial Officer
7 established pursuant to section 424(a)(1) of the Home Rule Act.

8 (8) “City Administrator” means the City Administrator established
9 pursuant to section 422(7) of the Home Rule Act.

10 (9) “Chairman” means the Chairman of the Council of the District of
11 Columbia.

12 (10) “Closing Documents” means all documents and agreements other than
13 Financing Documents that may be necessary and appropriate to issue, sell, and deliver the
14 Bonds contemplated thereby, and includes agreements, certificates, letters, opinions, forms,
15 receipts, and other similar instruments.

16 (11) “District” means the District of Columbia.

17 (12) “Financing Documents” means the documents other than Closing
18 Documents that relate to the financing or refinancing of transactions to be effected through
19 the issuance, sale, and delivery of the Bonds, including any offering document, and any
20 required supplements to any such documents.

21 (13) “Home Rule Act” means the District of Columbia Home Rule Act,
22 approved December 24, 1973 (87 Stat. 774; D.C. Official Code § 1-201.01 *et seq.*).

1 (14) “Library Act” means an Act to establish and provide for the
2 maintenance of a free public library and reading room in the District of Columbia,
3 approved June 3, 1896 (29 Stat.244; D.C. Official Code § 39-101 *et seq.*).

4 (15) “TIF” means tax increment financing.

5 Sec. 6. Amendment of Library Act.

6 (a) Section 12(a) of the Library Act is amended by adding a new subsection (7) to
7 read as follows:

8 “(7) Any other revenues of the District of Columbia specifically identified by any
9 provision of District of Columbia law to be paid into the Trust Fund. Each type of
10 revenue shall be allocated to an account within the Trust Fund specifically created to
11 receive and hold such type of revenue.”

12 (b) Section 12(b) of the Library Act is amended by adding a new subsection (7) to
13 read as follows:

14 “(7) The Mayor may pledge and create a security interest in the monies in the
15 Trust Fund or any account within the Trust Fund, for the payment of the costs of carrying
16 out any of the purposes described in this section 12(b), or for the payment of debt service
17 on any Bonds issued by the District for any of the purposes described in this section
18 12(b), without further action by the Council as permitted by section 490(f) of the Home
19 Rule Act and notwithstanding the provisions of section 12(c) of this act. If Bonds are
20 issued, such payment will be made in accordance with the provisions of the Financing
21 Documents entered into by the District in connection with the issuance of any such
22 Bonds.”

1 (c) The Library Act is amended by adding new sections 14-20 to read as follows:

2 “Sec. 14. Bond authorization.

3 “(a) The Council approves and authorizes the issuance of one or more series of
4 Bonds pursuant to the provisions of section 490 of the Home Rule Act in a total amount
5 not to exceed Ninety Million Dollars (\$90,000,000) for payment of the costs of the
6 purposes described in section 12(b). Of the total amount of Bonds authorized by this act,
7 Fifty Million Dollars (\$50,000,000) shall be for the construction of a new central library
8 and Forty Million Dollars (\$40,000,000) shall be for the construction, reconstruction,
9 renovation or renewal of branch libraries. There is hereby allocated to the Bonds the
10 monies in the Trust Fund or such portion of such monies as shall be determined in
11 accordance with the terms of the Bonds for the payment of debt service on the Bonds and
12 the payment of such other costs as are permitted to be paid with monies from the Trust
13 Fund.

14 “(b) The Bonds, which may be issued from time to time, in one or more series,
15 which shall be tax-exempt or taxable as the Mayor shall determine, shall be payable
16 solely from and secured by monies deposited in the Trust Fund.

17 “(c) The Mayor is authorized to pay from the proceeds of the Bonds the costs and
18 expenses of issuing and delivering the Bonds, including, but not limited to, underwriting,
19 legal, accounting, financial advisory, bond insurance or other credit enhancement,
20 marketing and selling the Bonds, and printing costs and expenses.

21 “Sec. 15. Bond details.

22 “(a) The Mayor is authorized to take any action reasonably necessary or appropriate
23 in accordance with this act in connection with the preparation, execution, issuance, sale,

1 delivery, security for, and payment of the Bonds of each series, including, but not limited to,
2 determinations of:

3 (1) The final form, content, designation, and terms of the Bonds, including
4 a determination that such Bonds may be issued in certificated or book-entry form;

5 (2) The principal amount of the Bonds to be issued and denominations of
6 the Bonds;

7 (3) The rate or rates of interest or the method for determining the rate or
8 rates of interest on the Bonds;

9 (4) The date or dates of issuance, sale, and delivery of, and the payment of
10 interest on the Bonds, and the maturity date or dates of such Bonds;

11 (5) The terms under which the Bonds may be paid, optionally or
12 mandatorily redeemed, accelerated, tendered, called, or put for redemption, repurchase, or
13 remarketing before their respective stated maturities;

14 (6) Provisions for the registration, transfer, and exchange of the Bonds and
15 the replacement of mutilated, lost, stolen, or destroyed Bonds;

16 (7) The creation of any reserve fund, sinking fund, or other fund with
17 respect to the Bonds;

18 (8) The time and place of payment of the Bonds;

19 (9) Procedures for monitoring the use of the proceeds received from the
20 sale of the Bonds to ensure that the proceeds are properly applied and used to accomplish
21 the purposes of the Home Rule Act and this act;

22 (10) Actions necessary to qualify the Bonds under blue sky laws of any
23 jurisdiction where the Bonds are marketed; and

1 (11) The terms and types of credit enhancement under which the Bonds may
2 be secured.

3 “(b) The Bonds shall contain a legend, which shall provide that the Bonds are
4 special obligations of the District, are without recourse to the District, are not a pledge of,
5 and do not involve the faith and credit or the taxing power of the District (other than the
6 taxes, fees and other monies deposited in the Trust Fund), do not constitute a debt of the
7 District, and do not constitute lending of the public credit for private undertakings as
8 prohibited in section 602(a)(2) of the Home Rule Act.

9 “(c) The Bonds shall be executed in the name of the District and on its behalf by the
10 manual or facsimile signature of the Mayor, and attested by the Secretary of the District by
11 the Secretary’s manual or facsimile signature. The Mayor’s execution and delivery of the
12 Bonds shall constitute conclusive evidence of the Mayor’s approval, on behalf of the
13 District, of the final form and content of the Bonds.

14 “(d) The official seal of the District, or a facsimile of it, shall be impressed, printed,
15 or otherwise reproduced on the Bonds.

16 “(e) The Bonds of any series may be issued in accordance with the terms of a trust
17 instrument to be entered into by the District and a trustee to be selected by the Mayor, and
18 may be subject to the terms of one or more agreements entered into by the Mayor pursuant
19 to section 490(a) (4) of the Home Rule Act.

20 “(f) The Bonds may be issued at any time or from time to time in one or more issues
21 and in one or more series.

22 “(g) The Bonds are declared to be issued for essential public and governmental
23 purposes. The Bonds and the interest thereon and the income therefrom, and all monies

pledged or available to pay or secure the payment of the Bonds, shall at all times be exempt from taxation by the District, except for estate, inheritance, and gift taxes.

“(h) The District does hereby pledge and covenant and agree with the holders of the Bonds that, subject to the provisions of the Financing Documents, the District will not limit or alter the revenues pledged to secure the Bonds or the basis on which such revenues are collected or allocated, will not impair the contractual obligations of the District to fulfill the terms of any agreement made with the holders of the Bonds, will not in any way impair the rights or remedies of the holders of the Bonds, and will not modify in any way, with respect to the Bonds, the exemptions from taxation provided for in this act, until the Bonds, together with interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any suit, action or proceeding by or on behalf of the holders of the Bonds, are fully met and discharged. This pledge and agreement for the District may be included as part of the contract with the holders of the Bonds. This subsection constitutes a contract between the District and the holders of the Bonds. To the extent that any acts or resolutions of the Council may be in conflict with this act, this act shall be controlling.

“(i) Consistent with section 490(a) (4)(B) of the Home Rule Act and notwithstanding D.C. Official Code § 28:9-101 *et seq.*:

(1) A pledge made and security interest created in respect of the Bonds or pursuant to any related Financing Document shall be valid, binding, and perfected from the time the security interest is created, with or without physical delivery of any funds or any property and with or without any further action;

1 (2) The lien of the pledge shall be valid, binding and perfected as against
2 all parties having any claim of any kind in tort, contract or otherwise against the District,
3 whether or not such party has notice; and

4 (3) The security interest shall be valid, binding and perfected whether or
5 not any statement, document or instrument relating to the security interest is recorded or
6 filed.

7 “Sec. 16. Sale of the Bonds.

8 “(a) The Bonds of any series may be sold at negotiated or competitive sale at, above,
9 or below par, to one or more persons or entities, and upon terms that the Mayor considers to
10 be in the best interest of the District.

11 “(b) The Mayor or an Authorized Delegate may execute, in connection with each
12 sale of the Bonds, offering documents on behalf of the District, may deem final any such
13 offering document on behalf of the District for purposes of compliance with federal laws
14 and regulations governing such matters and may authorize the distribution of the documents
15 in connection with the Bonds being sold.

16 “(c) The Mayor is authorized to deliver the executed and sealed Bonds, on behalf of
17 the District, for authentication, and, after the Bonds have been authenticated, to deliver the
18 Bonds to the original purchasers of the Bonds upon payment of the purchase price.

19 “(d) The Bonds shall not be issued until the Mayor receives an approving opinion
20 from Bond Counsel as to the validity of the Bonds of such series and, if the interest on the
21 Bonds is expected to be exempt from federal income taxation, the treatment of the interest
22 on the Bonds for purposes of federal income taxation.

1 “(e) The District of Columbia Procurement Practices Act of 1985, effective
2 February 21, 1986 (D.C. Law 6-85; D.C. Official Code § 2-301.01 et seq.) (“Procurement
3 Act”), and the Financial Institutions Deposit and Investment Amendment Act of 1998,
4 effective March 18, 1998 (D.C. Law 12-56; D.C. Official Code § 47-351.01 et seq.)
5 (“Deposit and Investment Act”), shall not apply to any contract the Mayor may from time
6 to time enter into for purposes of this act or the Mayor may determine to be necessary or
7 appropriate for purposes of this act to place, in whole or in part:

8 (1) An investment or obligation of the District as represented by the
9 Bonds;

10 (2) An investment or obligation or program of investment; or

11 (3) A contract or contracts based on the interest rate, currency, cash flow,
12 or other basis, including without limitation interest rate swap agreements; currency swap
13 agreements; insurance agreements; forward payment conversion agreements; futures
14 contracts providing for payments based on levels of, or changes in, interest rates,
15 currency exchange rates, or stock or other indices; contracts to exchange cash flows or a
16 series of payments; and contracts to hedge payment, currency, rate, spread or similar
17 exposure, including, without limitation, interest rate floors, or caps, options, puts, and
18 calls. The contracts or other arrangements may also be entered into by the District in
19 connection with, or incidental to, entering into or maintaining any agreement that secures
20 the Bonds. The contracts or other arrangements shall contain whatever terms and
21 conditions as the Mayor may consider appropriate and shall be entered into with
22 whatever party or parties the Mayor may select, after giving due consideration, where
23 applicable, to the creditworthiness of the counterparty or counterparties, including any

1 rating by a nationally recognized rating agency or any other criteria as may be
2 appropriate. In connection with, or incidental to, the issuance or holding of the Bonds, or
3 entering into any contract or other arrangement referred to in this section, the District
4 may enter into credit enhancement or liquidity agreements, with payment, interest rate,
5 termination date, currency, security, default, remedy, any other terms and conditions as
6 the Mayor determines. Proceeds of the Bonds and any money set aside and pledged to
7 secure payment of the Bonds or any contract or other arrangement entered into pursuant
8 to this section may be pledged to and used to service any contract or other arrangement
9 entered into pursuant to this section.

10 “Sec. 17. Payment and security.

11 “(a) Except as may be otherwise provided in this act, the principal of, premium, if
12 any, and interest on, the Bonds shall be payable solely from proceeds received from the
13 sale of the Bonds, income realized from the temporary investment of those proceeds,
14 receipts and revenues realized by the District from the Trust Fund, income realized from
15 the temporary investment of those receipts and revenues prior to payment to the Bond
16 owners, other moneys that, as provided in the Financing Documents, may be made
17 available to the District for the payment of the Bonds, and other sources of payment
18 (other than the District), all as provided for in the Financing Documents.

19 “(b) Payment of the Bonds shall be secured as provided in the Financing Documents
20 and by an assignment by the District for the benefit of the Bond owners of certain of its
21 rights under the Financing Documents and Closing Documents, including a security interest
22 in certain collateral, if any, to the trustee for the Bonds pursuant to the Financing
23 Documents.

1 “(c) The trustee is authorized to deposit, invest, and disburse the proceeds received
2 from the sale of the Bonds pursuant to the Financing Documents.

3 “Sec. 18. Financing and Closing Documents.

4 “(a) The Mayor is authorized to prescribe the final form and content of all Financing
5 Documents and all Closing Documents to which the District is a party that may be necessary
6 or appropriate to issue, sell, and deliver the Bonds. Each of the Financing Documents and
7 each of the Closing Documents to which the District is not a party shall be approved, as to
8 form and content, by the Mayor.

9 “(b) The Mayor is authorized to execute, in the name of the District and on its
10 behalf, the Financing Documents and any Closing Documents to which the District is a
11 party by the Mayor’s manual or facsimile signature.

12 “(c) If required, the official seal of the District, or a facsimile of it, shall be
13 impressed, printed, or otherwise reproduced on the Bonds, the other Financing Documents,
14 and the Closing Documents to which the District is a party.

15 “(d) The Mayor’s execution and delivery of the Financing Documents and the
16 Closing Documents to which the District is a party shall constitute conclusive evidence of
17 the Mayor’s approval, on behalf of the District, of the final form and content of the executed
18 Financing Documents and the executed Closing Documents, including those Financing
19 Documents and Closing Documents to which the District is not a party.

20 “(e) The Mayor is authorized to deliver the executed and sealed Financing
21 Documents and Closing Documents, on behalf of the District, prior to or simultaneously
22 with the issuance, sale, and delivery of the Bonds, and to ensure the due performance of the

1 obligations of the District contained in the executed, sealed, and delivered Financing
2 Documents and Closing Documents.

3 “Sec. 19. Limited liability.

4 “(a) The Bonds shall be special obligations of the District. The Bonds shall be
5 without recourse to the District. The Bonds shall not be general obligations of the District,
6 shall not be a pledge of or involve the faith and credit or the taxing power of the District
7 (other than the taxes, fees and other monies deposited in the Trust Fund), shall not constitute
8 a debt of the District, and shall not constitute lending of the public credit for private
9 undertakings as prohibited in section 602(a)(2) of the Home Rule Act.

10 “(b) The Bonds shall not give rise to any pecuniary liability of the District and the
11 District shall have no obligation with respect to the purchase of the Bonds.

12 “(c) No person, including, but not limited to any Bond owner, shall have any claims
13 against the District or any of its elected or appointed officials, officers, employees, or agents
14 for monetary damages suffered as a result of the failure of the District to perform any
15 covenant, undertaking, or obligation under this act, the Bonds, the Financing Documents, or
16 the Closing Documents, nor as a result of the incorrectness of any representation in or
17 omission from the Financing Documents or the Closing Documents, unless the District or its
18 elected or appointed officials, officers, employees, or agents have acted in a willful and
19 fraudulent manner.

20 “Sec. 20. District officials.

21 “(a) Except as otherwise provided in section 19(c), the elected or appointed officials,
22 officers, employees, or agents of the District shall not be liable personally for the payment of
23 the Bonds or be subject to any personal liability by reason of the issuance of the Bonds, or

1 for any representations, warranties, covenants, obligations, or agreements of the District
2 contained in this act, the Bonds, the Financing Documents, or the Closing Documents.

3 “(b) The signature, countersignature, facsimile signature, or facsimile
4 countersignature of any official appearing on the Bonds, the Financing Documents, or the
5 Closing Documents shall be valid and sufficient for all purposes notwithstanding the fact
6 that the individual signatory ceases to hold that office before delivery of the Bonds, the
7 Financing Documents, or the Closing Documents.”

8 Sec. 7. Creation of the Old Convention Center TIF Area.

9 (a) There is hereby created a TIF area denominated the “Old Convention Center
10 TIF Area”, the Available Tax Increment from which shall be allocated as provided in this
11 act. The Old Convention Center TIF Area is defined as the area of the District identified
12 for tax purposes as Square 374, Lot 848.

13 (b) With respect to the Old Convention Center TIF Area, the base year for
14 determination of Available Sales Tax Revenues from locations within such Area shall be
15 the tax year preceding the year in which this act is adopted and base year for
16 determination of Available Real Property Tax Revenues shall be the fiscal year of the
17 District during which this act is adopted and the initial assessed value to be used in
18 making such determination shall be the assessed value of each lot of taxable real property
19 in the Old Convention Center TIF Area on the date this act is adopted.

20 (c) Up to Forty Million Dollars (\$40,000,000) of the Available Tax Increment
21 from the Old Convention Center TIF Area shall be allocated and paid into the Library
22 Development Trust Fund.

23 Sec. 8. Delegation of procurement authority.

1 The authority to enter into all contracts to be entered into by the District for the
2 new central library project as authorized by this act under the provisions of the
3 Procurement Practices Act of 1985, effective February 21, 1986 (D.C. Law 6-85; D.C.
4 Official Code § 2-301.01 et seq.) is delegated to the D.C. Public Libraries. The D.C.
5 Public Libraries will use its best efforts to assure that 50% of the contracts awarded in
6 connection with the construction of the new central library are awarded to local, small or
7 disadvantaged business enterprises in accordance with District law.

8 Sec. 9. Severability.

9 As provided in the General Rule of Severability Adoption Act of 1983, effective
10 March 14, 1984 (D.C. Law 5-56; D.C. Official Code § 45-201), if any provision of this
11 act or the application of this act to any person or circumstance is held to be
12 unconstitutional or beyond the statutory authority of the Council, or otherwise invalid, the
13 invalidity shall not affect other provisions or applications of the act that can be given
14 effect without the invalid provision or application, and to this end the provisions of this
15 act are declared to be severable.

16 Sec. 10. Fiscal impact statement.

17 The Council adopts the fiscal impact statement in the Committee report as the
18 fiscal impact statement required by section 602(c)(3) of the Home Rule Act, approved
19 December 24, 1973 (87 Stat. 813; D.C. Official Code §1-206.02(c)(3)).